

SEAN PARNELL
Governor



P.O. Box 110001
Juneau, Alaska 99811-0001
(907) 465-3500
Fax (907) 465-3532

STATE OF ALASKA
OFFICE OF THE GOVERNOR

August 10, 2010

Mr. Julius Genachowski
Chairman
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No's. 10-90 and 05-337; GN Docket No. 09-51; FCC 10-58

Dear Chairman Genachowski,

The State of Alaska appreciates the opportunity to file comments in response to the FCC 10-58 *Notice of Inquiry and Notice of Proposed Rulemaking* concerning the initial steps of the National Broadband Plan (NOI/NPRM). Governor Parnell outlined the State's general concerns in a letter to you on June 2, 2010 (attached).

Some of those concerns are:

1. Using a national model for purposes of estimating need for voice or broadband support.
2. Least cost support to a single provider under Connect America Fund (CAF) rather than existing Competitive Eligible Telecommunications Carriers (CETC) support to multiple providers.
3. Exclusion of satellite transport from support – Mid Mile.
4. Exclusion of recurring costs for broadband networks.
5. Capped support for voice networks during High Cost transition to CAF.
6. Possible creation of an urban/rural divide.
7. Discontinuation of tribal lands exemption.

Access to broadband is essential for economic development, educational opportunities, job creation, and improved quality of life. With the largest unserved and underserved geographic area of any state in the nation, Alaska has unique needs that must be addressed so that our citizens might share the benefits of high speed internet technology.

Broadband infrastructure in Alaska is particularly important because it may represent the only opportunity for economic growth and job creation in many of our remote, rural communities. Additionally, broadband access in rural Alaska is critical for public safety, access to health care, and for providing educational opportunities.

The stated purpose of the Communications Act of 1934 is "regulating interstate and foreign commerce in communication by wire and radio so as to make available, so far as possible, to all the people of the United States a rapid, efficient, nationwide, and worldwide wire and radio communication service with adequate facilities at reasonable charges..." The Telecommunications Act of 1996 stated, "access to advanced telecommunications and information services should be provided in all regions of the Nation." And, "consumers in all regions of the Nation, including low-income consumers and those in rural, insular, and high cost areas, should have access to telecommunications and information services, including interexchange services and advanced telecommunications and information services, that are reasonably comparable to those services provided in urban areas and that are available at rates that are reasonably comparable to rates charged for similar services in urban areas."

In many parts of Alaska, traditional infrastructure such as roads connecting communities does not, and may never, exist. We see access to broadband as a 21st century technology that, in many cases, can be a substitute for the infrastructure of the 19th and 20th centuries that may be difficult and prohibitively expensive to construct and maintain in Alaska.

The State of Alaska agrees with comments filed by the Regulatory Commission of Alaska on July 12, 2010. We request an exemption from actions related to this NOI/NPRM until such time as a CAF system is defined in detail and in a way that will meet Alaska's unique challenges.

The list of the State's specific concerns is as follows:

Proposed Cost Modeling

Universal Service Fund (USF) reform based on any forward-looking cost modeling will inhibit, if not exclude, any expansion of broadband across Alaska. Alaska's unique range of challenges will always fall outside of any modeling parameters based on contiguous states' factors.

Modeling must be based on actual costs to account for the challenges of deploying broadband across Alaska's rural regions to recognize extraordinary cost factors such as roadless areas that do not provide ready right-of-ways and corridors. These models will not reflect the vast distances, harsh weather conditions, and low population densities inherent in Alaska's rural regions. Access to USF support is essential in these areas that will likely never generate sufficient revenues to allow recovery of the annual operational and maintenance expenses necessary to implement and maintain broadband service.

Any proposed CAF support based on forward-looking costs of an efficient provider will not account for the extraordinarily high costs of Alaska's small rural carriers.

- Alaska's small rural carriers lack the size and economies of scale to achieve deployment and operational expense that are possible across the contiguous states. As a result, costs for deployment and operations support across Alaska's rural areas will be underestimated, further inhibiting future broadband deployment.
- The proposed model assumes that Alaska's rural carriers enjoy the same scale of operating size and base of operating expenses. Most of Alaska's rural carriers provide services in isolated communities ranging from 200 lines to less than 100. These operational bases can never be comparable to those of larger carriers in the contiguous states.
- A least-cost support model will drive any broadband deployment across Alaska's rural areas toward lowest cost, minimal services which will generate quality of service levels below those proposed by the FCC in its National Broadband Plan.
- Alaska's current range of telecommunication services across its rural areas has been built out allowing for multiple carriers and has generated competitive rates. A CAF least-cost support model that supports a single provider for both voice and broadband services will eliminate the lower cost competitive rates currently established, drive user costs higher, and increase the likelihood of monopolistic rates and limited services.

Mid-Mile Satellite Support

Many, if not most, of Alaska's rural communities depend on satellite transport for all "mid-mile" telecommunications transport.

- Any proposed CAF that eliminates support of satellite mid-mile transport will not only preclude future support for broadband deployment across Alaska's unserved and underserved rural areas but will also erode existing levels of service that rural carriers have built out across the last decade.
- Monthly recurring operational costs for satellite mid-mile connectivity for basic voice telecommunications, as well as what limited broadband services are available, are not sustainable without ongoing support within any proposed CAF.

Capped Support and Transition Funding

As proposed in the NOI/NPRM, support for Alaska's existing High Cost networks will be phased out across five years and existing and future support will be capped.

- Reliance on a procurement auction approach to provide interim funding during a transition to a new CAF program that provides only a single one-time grant will not meet the ongoing high cost demands across Alaska's rural areas. Funding prior to the full implementation of any new CAF program must include support for ongoing recurring costs in high cost areas such as those across rural Alaska.
- Interim funding support that seeks to maximize numbers of users served while still meeting proposed National Broadband Plan goals of Four Mbps/One Mbps broadband speeds will likely exclude Alaska's rural unserved and underserved areas from support even before a new CAF program is implemented.
- Existing telecommunication and broadband services in rural Alaska have been built out using the current CETC High Cost support program.
- Wireless services have expanded into Alaska's rural areas only within the last five years, and this expansion would not have occurred without the current CETC support. Additional wireless projects are currently planned with existing CETC support.
- CETC High Cost support has also leveraged private investment in Alaska's rural telecommunications infrastructure.
- Any interim funding that changes the existing levels of support for Alaska's rural carriers, either phasing out or capping high cost USF support or the prospects of insufficient one-time grant support, will generate immediate and significant uncertainty for Alaska's rural carriers. This uncertainty will likely compromise existing telecommunication services, both voice and the limited broadband services already developed, across many of Alaska's rural communities prior to full implementation of any new CAF program. This uncertainty will also likely eliminate planned expanded development and continued leveraging of private investment.

Urban-Rural Divide

The USF program was created for the purpose of ensuring that consumers in rural, insular, and high cost regions of the nation have access to telecommunication services and rates comparable to consumers in urban areas. Under the proposed National

Mr. Julius Genachowski
August 10, 2010
Page 5

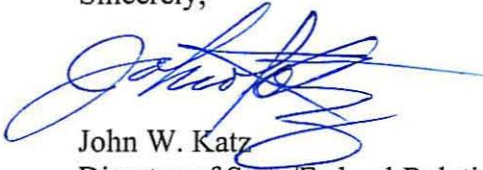
Broadband Plan, high cost support that currently helps to maintain this urban-rural rate parity will be directed elsewhere. Rural and high cost regions of America deserve equitable and nondiscriminatory service. This was an immediate priority of the 1996 Telecommunications Act, and it needs to be a priority in the National Broadband Plan.

Tribal Lands Definition

It is very important to the State of Alaska that we retain the existing definition of Tribal lands throughout Alaska. The FCC has recognized that Tribal lands are difficult to serve and that CETC are essential to deploying comparable service. This is consistent with treatment of Tribal lands under the CETC interim cap. Tribal lands in Alaska, as defined under the CETC interim cap, include Alaska Native Regions. As a result, Tribal lands in Alaska are not discrete areas of geography but recognize the dominance of Alaska Native populations in vast areas of the State. Incumbent local exchange carrier support in rural Alaska must recognize delivery of all telecommunication services to the entire regions they serve, and CETC Tribal lands support in Alaska must remain coterminous with incumbent local exchange carrier service areas.

Thank you for considering the State of Alaska's concerns regarding the NOI/NPRM. Please do not hesitate to contact me if you have any questions.

Sincerely,



John W. Katz
Director of State/Federal Relations and
Special Counsel to the Governor